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**VIRGINIA RACING COMMISSION**

MAY 19, 2014

10700 Horsemen's Road

New Kent, VA 23124

Commencing at 10:00 a.m.

**COMMISSION MEMBERS:**

J. Sargeant Reynolds, Jr., Chairman  
D. G. VanClief, Jr., Vice Chairman  
Carol G. Dawson (present via telephone)  
Stran Trout  
I. Clinton Miller

**COMMISSION STAFF:**

Bernard J. Hettel, Executive Secretary  
David S. Lermond, Jr., Deputy Executive Secretary  
Kimberly C. Mackey, Office Administrator  
C. Richard Harden, DVM, Equine Medical Director  
Courtney Reid, Permitting Clerk

**ATTORNEY GENERAL'S OFFICE**

Joshua Laws, Assistant Attorney General

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1           NOTE: The Commission meeting begins at 10:05 a.m.  
2 as follows:

3           MR. REYNOLDS: Good morning. I will now call the  
4 Commission meeting to order, and with that, the first order  
5 of business is to approve the minutes from May 7th. The  
6 minutes are in your book.

7           Are there any additions, comments, or corrections?

8           MR. TROUT: Mr. Chairman, I move the minutes be  
9 approved.

10          MR. REYNOLDS: Do I hear a second?

11          MR. VAN CLIEF: Second.

12          MR. REYNOLDS: All those in favor say aye.

13          NOTE: All indicated in the affirmative.

14          MR. REYNOLDS: Oh, hi, Carol.

15          MS. DAWSON: Hi.

16          MR. REYNOLDS: I didn't know you were there.  
17 Great. Welcome.

18          The next order of business is Commissioner's  
19 Comments. Do any of the Commissioners have any comments at  
20 this time?

21          MR. TROUT: No.

22          MR. REYNOLDS: I don't have any comments now.  
23 I may have some more a little bit later.

24          Do we have any committee reports?

25          MR. LERMOND: No.

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1 MR. REYNOLDS: Okay. Mr. Hettel, Executive  
2 Secretary's report?

3 MR. HETTEL: Mr. Chairman, we meet today for the  
4 continuing impasse on the 2014 dates, and what we'd like to  
5 do this morning is ask both Frank Petramalo from HPBA and  
6 Ian Stewart to give us an update report on the progress or  
7 discussion to end the impasse on the schedule for racing for  
8 2014. I think it would be good if we call on Mr. Petramalo  
9 first.

10 MR. PETRAMALO: Age before beauty? Is that the --

11 MR. HETTEL: Wisdom before more wisdom.

12 MR. PETRAMALO: At the last Commission meeting,  
13 the Commission unanimously reconfirmed its December award  
14 of five weeks with 25 days of racing and directed the part-  
15 ies to come back today with a contract to implement that.

16 We have not yet reached a contract. We may be  
17 close, but I think I can give you the outline of what we're  
18 talking about.

19 We think it probably makes sense to spread out  
20 the racing over a longer period than five weeks. The horse-  
21 men have proposed starting on July 4th and going through  
22 Labor Day weekend, September 1st, with a program of three  
23 weekend days per week, Friday, Saturday, and Sunday. We  
24 would skip the two weeks in August where there's a rodeo  
25 here and motorcycle racing. It would strictly be a ship-in

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1 meet. The back stretch would not be open for permanent  
2 stake people who would come that way.

3           Anyway, that's what we're talking about. We  
4 don't have any final agreement. My hope is -- we've been --  
5 excuse me -- discussing it over the weekend, and my hope is  
6 with a little more time, perhaps we can today reach an  
7 agreement generally on principles if not a completed con-  
8 tract.

9           MR. REYNOLDS: Okay. Thank you.

10           Ian or Jim?

11           MR. STEWART: As to the contract, as Frank says  
12 we haven't reached an agreement. It's very difficult to say  
13 how close we are to an agreement.

14           The issue I wanted to put on the table is there's  
15 been some rumors of a license revocation hearing pending if  
16 we don't reach an agreement, and I was wondering if the VRC  
17 would comment on that?

18           MR. REYNOLDS: Yes, I will comment on that.

19           You know, while license revocation is always  
20 an option by the VRC, it's not an option that we would want  
21 to take. Speaking for myself only, I would only seek to re-  
22 voke a license if I thought one party was in violation and  
23 not the other party. Right now -- we will always probably  
24 keep that option on the table, but right now I feel like  
25 both parties are at fault in all of this for not reaching an

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1 agreement, and therefore, right now I'm not looking to take  
2 anybody's license away.

3 I would never make a threat to take somebody's  
4 license away unless I was willing to go through with it. So  
5 if we took your license, then we don't have a racetrack, and  
6 then I have to ask myself who's going to come in and run the  
7 racetrack? So while it is an option for the Commission to  
8 consider, it's not a good option, and at this point, you  
9 know, I don't want to talk about revoking anybody's license.

10 I feel like -- this weekend, I've been in touch  
11 with both parties, I feel like you-all are as close as you  
12 all have been, and I hope today that you-all can finally get  
13 over the final hurdle and get something done. So that's my  
14 answer to that question.

15 Do you want to continue?

16 MR. STEWART: That's all I have to say this  
17 morning.

18 MR. REYNOLDS: Okay. All right.

19 well, I was hopeful that -- this Commission was  
20 hopeful that today is the day we wanted you-all to bring us  
21 a contract. It doesn't sound like you're there yet. I like  
22 to feel like you-all are close, and therefore, even though  
23 we mandated last week to five weeks, 25 days, I do under-  
24 stand the need at this late date to maybe amend that sched-  
25 ule. It sounds like you-all may have an agreement on this

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1 year's summer schedule, but the larger issue is a longer  
2 term contract and how you-all are going to move forward to-  
3 gether.

4 In that light, what I'm probably going to -- well,  
5 what I'll seek a motion to do is -- and I'm not going to do  
6 it yet, but I will seek a motion to put the meeting into re-  
7 cess until 1:00 o'clock today and then you-all can go meet  
8 and talk about the remaining issues and try to iron those  
9 out.

10 Before I do that, I'm going to ask if the other  
11 Commissioners have any questions or comments that they would  
12 like to make before I invite the public to come speak?

13 MR. TROUT: Nothing major, but I would like  
14 to see an agreement made. I'd like to see racing continue  
15 here. There are no -- I think we're dealing with the part-  
16 ies we're dealing with right now, and the two organizations,  
17 that is the Track and the Horsemen's Association, are the  
18 key parties that need to come together and come up with  
19 something that's going to benefit horseracing in Virginia  
20 and certainly keep some racing going. So we're with you;  
21 we're trying to do what we can to make that work, and I  
22 think that if there's a decent chance -- and it sounds like  
23 there is -- let's take a recess and come back later and give  
24 you a chance to get together even more today, then that  
25 would be a good idea. The more we put it off, the harder

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1 it's going to be to do something.

2 MR. MILLER: Could I just --

3 MR. REYNOLDS: Yes, sir.

4 MR. MILLER: Correct my impression if it's  
5 wrong. The impression I get from the news reports and press  
6 releases is that the real hang-up isn't over race days, nor  
7 is it over the time period within which to work the race  
8 days, but it's a hang-up over a civil claim that the part-  
9 ies or one party has possibly against the other for failure  
10 to enter into a contract on a timely basis. Is that not  
11 correct?

12 MR. WEINBERG: Commissioner, I don't think we've  
13 ever talked about it in terms of a civil claim of one party  
14 against the other. I think there has been discussion about  
15 resource allocation, resources that were lost as a conse-  
16 quence of the SWF's shutting down and lost revenue, but never  
17 in terms of the track looking to sue a party to a claim, but  
18 always in the context of a negotiation.

19 MR. MILLER: But that is a civil claim outside  
20 the parameters of what would normally be a contract between  
21 the track and the horsemen, isn't it?

22 MR. WEINBERG: Candidly, I haven't evaluated the  
23 merits of that claim. I can't really respond to you whether  
24 it's a meritorious claim.

25 MR. MILLER: You say it's the assertion of lost

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1 revenues, but to me, that is a possibility of a civil claim  
2 for damages for failure to enter into a contract on a timely  
3 basis or to enter into a contract at all. So that's the  
4 hang-up, isn't it? It has a lot less to do with race days  
5 and a lot less to do with the period of time within which to  
6 run the races.

7 MR. STEWART: I wouldn't characterize it that  
8 way. I think the major hang-up is more in terms of a long  
9 term agreement that will prevent this type of thing from  
10 happening, and that's what needs to be resolved.

11 I'm not discounting the issue that you've raised,  
12 but I don't think that is the paramount issue.

13 MR. MILLER: All right. Thank you.

14 MR. REYNOLDS: Mr. Van Clief, do you have  
15 anything?

16 MR. VAN CLIEF: Yes, I'd just like to comment as  
17 a follow-up to the Chairman's response to Colonial Downs on  
18 their question with regards to license revocation. Just  
19 some personal thoughts on this, speaking only as an individ-  
20 ual Commissioner.

21 It seems to me that as has just been said that  
22 the argument is not about the format at this point with  
23 regards to race days, but there's some issues with regards  
24 to some security for Colonial Downs that they won't be put  
25 in this position in the future. On the other hand, the HBPA

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1 wants to reserve their rights to strike, if you will, in the  
2 future. We understand both sides.

3 I agree with the Chairman that both parties are  
4 at fault. I also would like to reiterate that I think if  
5 we do not have some agreement going forward, the position  
6 Virginia racing finds itself in today is going to be much  
7 more dire in a few weeks.

8 We do have, as a Commission obviously, the ability  
9 to sanction the racetrack and to commence license revocation  
10 procedures. I would also point out that we also have -- and  
11 this has been an issue of some contention and friction be-  
12 tween the groups -- we also have the ability to recognize a  
13 horsemen's group.

14 I would simply say at this point I think we're  
15 close. I would like to see very much, and I think we will  
16 direct the parties to go back to the bargaining table post-  
17 haste, and I would like to see us as a Commission do what-  
18 ever we can to hold both parties accountable to the process  
19 and a favorable outcome for our sport and our industry.

20 MR. REYNOLDS: Thank you. I concur with those  
21 comments.

22 Before I make my motion, the public is certainly  
23 welcome to stick around until 1:00 o'clock when we recon-  
24 vene, but for those that are busy that don't want to stick  
25 around, I'd like to give you-all an opportunity to make

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1 public comments at this point.

2 Yes, sir?

3 MR. LEONARD: Do you mind if I walk up here?

4 MR. REYNOLDS: Please.

5 MR. LEONARD: Thank you.

6 MR. REYNOLDS: State your name, please.

7 MR. LEONARD: Yes, Steve Leonard, L-E-O-N-A-R-D.

8 I've been in love with horse racing ever since  
9 I was eight years-old when our parents took us to Charles  
10 Town. Actually, we didn't go to see Charles Town, we went  
11 to see Harper's Ferry because of the Civil War.

12 I've been in love with it forever. I've even  
13 worked a summer here doing the barnyards. I loved it, and  
14 it was just kind of like Steve Leonard's summer vacation. I  
15 was here every morning 4:30, 5:00 o'clock; I love it.

16 Just one thing -- we could argue about six days  
17 or 25 days and all of that -- sorry, I'm a little nervous --  
18 but I think what sums it up is what Jeff Jacobs said. He  
19 says -- I'm not exactly quoting him, but if we go dark, we  
20 can come back in two or three years and be better than ever.  
21 That's like me having a radio station on the air for ten  
22 years, going off the air and calling my people in and say-  
23 ing, hey, look, I've got a great idea, let's go off the air  
24 for three years and we'll come back better than ever. So  
25 all the marketing, all the promotions -- all that goes right

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1 out the window. I don't think anybody in this room believes  
2 that we're going to be gone for three years and we're going  
3 to come back.

4 I don't mean to be harsh, but if Jeff Jacobs  
5 doesn't want to run the track, then by golly, get Churchill  
6 Downs or Penn National or somebody in here who wants to.

7 Thank you for your time.

8 MR. REYNOLDS: Thank you.

9 Yes, ma'am?

10 MS. BOWLIN: My name is Darlene Bowlin.

11 I was at a previous meeting and I did not speak;  
12 there were plenty of other people speaking, and I'm a small  
13 person, I'm a breeder and I've been doing it for like ten  
14 years. I've got my fourth Virginia-bred; she's about a  
15 month old now, and you know, people who love horses love the  
16 fact that they can come here and watch horseracing, and it's  
17 a big part of our heritage. You know, Secretariat came from  
18 Virginia, and it's a beautiful track, and you know, I would  
19 hate to see anything happen to it, and I know I come here  
20 speaking -- they have Colonial Downs, you know, I'm just one  
21 person, but I represent a lot of people, and you know, I  
22 know horseracing enough to know that five weeks is not long  
23 enough to get, you know, enough races. It costs a lot of  
24 money to train our horses and race them, and we would like  
25 to at least get a couple of races. If you try to run them

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1 too much, you're jeopardizing the horses's soundness and  
2 everything else. So a longer racing period is definitely  
3 something that we need, definitely.

4 So I agree with the longer race days, fewer days  
5 per week I think is a very good idea and very representative  
6 of what we need.

7 So I just wanted to speak my mind. I hope that  
8 we can all come to some kind of agreement to preserve the  
9 heritage here and keep this track going. So thank you, very  
10 much.

11 MR. REYNOLDS: Thank you.

12 Anybody else like to make a comment? Yes, sir?

13 MR. KUHN: My name is Chris Kuhn, and I first of  
14 all wanted to make sure that we understand as horsemen not  
15 to blame management for whatever happens. Management at  
16 Colonial Downs has been exceptional over the past years.  
17 We've not had any problems; in fact, they've been great.  
18 As far as the horsemen are concerned, as far as the front  
19 side, these people were all very professional. They have  
20 done their job as well as they could.

21 We are -- this is a business deal, as I've said  
22 before. But we as horsemen have to understand that just  
23 like they have to understand, obviously everybody's liveli-  
24 hoods are at stake. Mr. Jacobs doesn't want to lose any  
25 more money. Got it. HBPA doesn't want to lose any more

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1 money.

2           we keep moving the target. You know, Mr. Jacobs  
3 first said, well, we can't make any money because it costs  
4 too much to run the track per day. Well, that's been blown  
5 out of the water. Now it's, well, we want our money back  
6 because there's no, you know, because we've lost racing due  
7 to contracts. If I'm not mistaken, the contract is if there  
8 is no racing, there is no off-track betting, is that cor-  
9 rect?

10           MR. REYNOLDS: That is correct.

11           MR. KUHN: So that's a contractual thing. They  
12 make it sound like it's the fault of the Commission and it's  
13 the fault of HBPA that we do not have a deal. That's not  
14 so.

15           If Mr. Jacobs is losing so much money, I think  
16 his best shot is to think about a sale. Of course, he's  
17 been trying to sell it.

18           My position is why doesn't HBPA get it together  
19 and try to get ownership of the track? I'm from Michigan.  
20 McCloud steel was going bankrupt. It was bought out by the  
21 employees. United Airlines, the same thing. It was bought  
22 out by the employees. If that's the case, there's all sorts  
23 of deals people want to make if it's a good deal. Mr.  
24 Jacobs and Mr. Stewart know a good deal and they know a bad  
25 deal. If they want to get rid of the deal, then this is a

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1 great opportunity for people to look at that.

2 Thank you, very much.

3 MR. REYNOLDS: Thank you.

4 Are there any other public comments?

5 NOTE: There was no response.

6 MR. MILLER: Before you make -- are you going to  
7 move that we go into recess?

8 MR. REYNOLDS: Yes, sir.

9 MR. MILLER: Well, since we're here and we have  
10 a quorum, I have some legal questions I have I need to get  
11 clarified with our counsel. So, can we use the time con-  
12 structively then? Because these questions have to be ans-  
13 wered eventually in this drama, so could we go into a closed  
14 session and use this time constructively before we come back  
15 here at 1:00 o'clock?

16 MR. LAWS: Yes, I can make a motion to go into  
17 closed session, but I need to know the topic so I can make a  
18 proper motion under FOIA.

19 MR. MILLER: Well, the topic is I want clari-  
20 fication of the definition under the Code of, number one,  
21 Virginia Horsemen's Group. Who is it? Who determines it?  
22 How is it constituted? Can you make one up? Could a hund-  
23 red people from Emporia show up and say we're the Virginia  
24 Horsemen's Group? That's one.

25 Number two, the duties and responsibilities of the

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1 licensee to carry forth the objectives of the Code, the very  
2 basis for which we have racing and pari-mutuel wagering in  
3 Virginia and what are the responsibilities of the licensee?

4           Number three, if the licensee fails to meet those  
5 responsibilities, what exactly are the powers of the Commis-  
6 sion?

7           And the next question is an interpretation of  
8 that language in the Code relating to the contract formul-  
9 ation. It says it's up to the licensee and the horsemen's  
10 group to form a contract, but it's subject to Commission ap-  
11 proval or disapproval or modification. What are the powers  
12 of the Commission relating to mandating a contract? I know  
13 it's anathema to a lot of people in legal circles that you  
14 give any kind of authority to mandate. Otherwise, inde-  
15 pendent parties could enter into a contract, but there are  
16 certain instances under the law where that can be done, and  
17 I want to know whether we have that authority.

18           MR. LAWS: I understand, and I can make a proper  
19 motion.

20           MR. REYNOLDS: Can we do that legally, go into  
21 closed session to discuss those subjects?

22           MR. LAWS: Yes.

23           MR. REYNOLDS: I don't know whether I recess --  
24 we'll go into closed session and I want to recess at the  
25 same time.

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1 MR. LAWS: I understand.

2 what I would do is make a motion to go into closed  
3 session until 1:00 o'clock, and then recess the Commission  
4 meeting as well until 1:00 o'clock. When we come back at  
5 1:00, we'll make a motion to come out of closed session and  
6 we can resume Commission business at 1:00 o'clock.

7 MR. REYNOLDS: Okay. Why don't you make that  
8 motion?

9 MR. LAWS: All right.

10 Is there a motion for the Commission to go  
11 into closed session until 1:00 o'clock, under Virginia Code  
12 2.2-3711(A)(7) to get advice and legal counsel concerning  
13 possible litigation or anticipated litigation and legal  
14 interpretation concerning the definition of recognized  
15 majority persons and the duties and responsibilities of the  
16 licensee under the Code; if the licensee fails to meet its  
17 responsibility, what are the Commission's powers to remedy  
18 that failure, and what are the powers of the Commission  
19 regarding a mandated contract between the licensee and the  
20 recognized majority horsemen's group? And in addition to  
21 that, we will also recess until 1:00 o'clock, at which point  
22 we'll come out of closed session and resume the normal  
23 duties of the Commission.

24 Do I have that motion?

25 MR. TROUT: So moved.

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1 MR. LAWS: Second?

2 MR. MILLER: Second.

3 MR. LAWS: All those in favor?

4 NOTE: All indicated by voting aye.

5 MR. LAWS: Any opposed?

6 NOTE: There was no response.

7 MR. LAWS: The motion carries.

8 MR. REYNOLDS: Okay. We'll see you-all at 1:00  
9 o'clock.

10 My hope is that you-all will sit down and talk.

11 NOTE: The Commission stands in recess at 10:27  
12 a.m. and is reconvened at 12:58 p.m. as follows:

13 MR. REYNOLDS: Close enough. Let's reconvene.

14 Mr. Laws?

15 MR. LAWS: Is there a motion on the table that  
16 states I hereby certify pursuant to Virginia Code Section  
17 2.2-3712 that to the best of each member's knowledge, one,  
18 only public business matters lawfully exempted from open  
19 meeting requirements under this chapter and (ii) only such  
20 public business matters as were identified in the motion by  
21 which the closed meeting was convened were heard, discussed  
22 or considered by the Commission in the meeting? Does anyone  
23 want to make that motion?

24 MR. TROUT: So moved.

25 MR. LAWS: Is there a second?

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1 MR. MILLER: Second.

2 MR. LAWS: All those in favor?

3 NOTE: All indicated by voting aye.

4 MR. LAWS: Any opposed?

5 NOTE: There was no response.

6 MR. LAWS: The motion carries.

7 MR. REYNOLDS: We're back in session, and  
8 obviously, we spent several hours. Hopefully you-all went  
9 and had a discussion. Would you-all like to please update  
10 us on that discussion and let us know if you're any closer  
11 and where you are, please?

12 MR. PETRAMALO: I defer to my younger colleague.

13 MR. WEINBERG: We had a very productive  
14 discussion. We were able, I think, to clarify a number of  
15 issues. There are a few proposals that have economic con-  
16 sequences in the agreement that we're assessing and taking  
17 back to Mr. Jacobs. We have a call in to him; we missed him  
18 before he left his office. I expect we will speak with him  
19 this afternoon and be in a position to talk again to Frank  
20 and Stephanie either later this afternoon or first thing  
21 tomorrow morning.

22 MR. REYNOLDS: Do you feel -- you're not there,  
23 but do you feel you are closer than you were this morning by  
24 having this discussion?

25 MR. WEINBERG: We're closer than we were this

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1 morning, but to be clear, there are a number of complicated  
2 issues that we still need to work through. We worked  
3 through a few of those this morning, but there are still  
4 others to tackle.

5 MR. PETRAMALO: I don't share that view. I  
6 don't think we're at least closer than where I thought we  
7 were this morning.

8 MR. REYNOLDS: Okay, but you feel like -- you  
9 thought you were closer this morning, but do you still feel  
10 that if we gave you three more days that you-all could get  
11 those things ironed out?

12 MR. PETRAMALO: Unclear.

13 MR. REYNOLDS: Okay. It sounds like you-all  
14 obviously need some more time to work on this.

15 MR. PETRAMALO: Yes.

16 Jim, were you going to make some suggestions as to  
17 the time?

18 MR. WEINBERG: I'd gotten as far as this afternoon  
19 and tomorrow morning.

20 MR. PETRAMALO: No, in terms of the Commission  
21 reconvening.

22 MR. WEINBERG: Yes, I think we were thinking that  
23 it would be Thursday or early next week, depending upon what  
24 the Commission's schedule was.

25 MR. REYNOLDS: Well, I think the Commission's

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1 discussed it. Not all of us can be there, but I think it's  
2 important for us to do this sooner rather than later.

3 Quite frankly, I expected you-all to have an  
4 agreement this morning. I knew you-all were close. Ob-  
5 viously, there's some very complicated issues left. You  
6 know, we certainly want to give you-all the time to get  
7 those straightened out, and I really expect and hope that  
8 you-all will do it by Thursday. I'd like to have another  
9 Commission meeting on Thursday at 10:00 o'clock.

10 Josh, Mr. Laws, can we do that? How does that  
11 work without the public notice? Can we call for a special  
12 meeting?

13 MR. LAWS: Correct. Under Virginia Code  
14 2.2-3707(D), the Commission can convene a special meeting  
15 as long as notice is given contemporaneously by the Execu-  
16 tive Secretary of the Commission to the public and to the  
17 members of the Commission. So if the Executive Secretary  
18 or a member of the Commission's staff issues a notice today  
19 that says there will be a special meeting on Thursday, and  
20 the only purpose of the special meeting is to address the  
21 contract issue, not to approve minutes or to do any other  
22 official act, we can have a meeting on Thursday.

23 MR. REYNOLDS: Okay. Mr. Hettel, will you get  
24 that notice out today?

25 MR. HETTEL: I will indeed.

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1           MR. PETRAMALO: Mr. Chairman, may I suggest that  
2 the Commission set that as a drop-dead date for production  
3 of the final contract if one is to be forthcoming? I mean  
4 we've had deadlines for God knows how long. We're getting  
5 too far into the season, and what I would suggest is that  
6 that be the drop-dead date: Either we come with a contract  
7 on Thursday, or there is no contract and at that point, you  
8 direct Colonial Downs to tell you within the next few days  
9 when they are going to run the five weeks, 25 days that you  
10 ordered in December and reconfirmed at your May 7th meet-  
11 ing?

12           MR. REYNOLDS: Okay. I thought maybe today was  
13 the drop-dead date, but it sounded like you-all were getting  
14 so close, I did not want to cut off my nose to spite my  
15 face.

16           I'll take that under advisement, but I do think  
17 that if we don't get anything done by Thursday or very, very  
18 shortly, whether I have a drop-dead date or not, it's just  
19 -- racing for 2014 is looking pretty bleak, and if we don't  
20 have 2014 racing, I think the future of Virginia horseracing  
21 is very bleak, and we don't want to see that happen. So  
22 while I'd love to say we'll have a drop-dead date by Thurs-  
23 day, I'm going to need to take that under advisement be-  
24 cause, again, we've been very, very patient so far, and if  
25 we're truly getting very close, I don't want to jeopardize

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1 that. But definitely at some point, there needs to be a  
2 drop-dead date, but this Commission's goal and edict is to  
3 have racing in 2014.

4 would the Commissioners have anything to say  
5 before we make a motion?

6 MR. TROUT: Mr. Chairman, just to say that I agree  
7 with what the Chairman has said that this is -- I haven't  
8 been here through the entire history of this organization,  
9 but this is probably the longest anything has ever gone  
10 without having anything set.

11 The future of racing certainly this year is at  
12 stake. The future of horseracing in Virginia may well be at  
13 stake. So I would certainly urge the parties to the con-  
14 tract to produce a contract and to do what they can at the  
15 earliest time, preferably to have that ready for our meeting  
16 that, as soon as we move on it, that will be set up for this  
17 coming Thursday. I encourage you to look at that.

18 As far as a drop-dead date is concerned, you  
19 know your businesses as well or better actually than we do.  
20 You know where the horses are lined up to go and when the  
21 race dates have to be set, and I think that the handwriting  
22 may be on the wall for some of these things. But we cer-  
23 tainly need -- certainly, the future of racing in Virginia  
24 is at stake and the future of racing in 2014 in particular.

25 MR. MILLER: Yes. Would it be of any help at all

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1 or assist you -- if it won't be of any help, that's fine,  
2 but would it help any to have each of you, Frank, Jim, as  
3 you continue your negotiations, which I assume you're going  
4 to do for the next three days -- would it be any help for  
5 the process for you-all to explicitly set forth the exact  
6 points of disagreement, the things you just can't agree on,  
7 you know, what your position is, what your position is, and  
8 contact Mr. Hettel and run those points by him so he will at  
9 least know the basis of the problems that are keeping this  
10 contract from being entered into? And Mr. Hettel will use  
11 his expertise in whatever way he feels appropriate to try to  
12 assist you and/or at least keep the Commission informed  
13 about what these points are, because if they're so set in  
14 concrete, if they're so -- if you're at the point that it's  
15 impossible to reconcile those differences, it's a waste of  
16 everyone's time to come back here. It's a waste of every-  
17 one's time to worry about the process any further.

18 And the Commission may have to make a determin-  
19 ation based on whatever information it has before it that  
20 it's impossible to enter a contract, and as the Chairman has  
21 said, racing won't take place -- thoroughbred racing won't  
22 take place in Virginia this year.

23 would it be of any help tomorrow, the next day to  
24 enlist the services of Mr. Hettel to -- I mean I don't want  
25 to put him on the spot --

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1 MR. HETTEL: Oh, no.

2 MR. MILLER: He has tremendous background and  
3 experience in this industry, and maybe he could give each  
4 of you some feedback, and he could give us some feedback and  
5 see if this is something that's possible that we can possib-  
6 ly do? Because if we can't possibly come to some reconcil-  
7 iation, then it's pointless to continue the discussions.

8 MR. PETRAMALO: I'm happy to do that.

9 MR. WEINBERG: I think for today it's a little  
10 premature to make that list.

11 MR. PETRAMALO: Oh, I agree on that, yes.

12 MR. WEINBERG: I think it may be helpful --

13 MR. MILLER: Tomorrow?

14 MR. WEINBERG: Right, because I can't tell you  
15 what's on --

16 MR. MILLER: Say Wednesday or whatever.

17 Mr. Hettel, I didn't clear this with you.

18 MR. HETTEL: That's fine. We can work together,  
19 whatever you care to do.

20 MR. MILLER: Thank you.

21 MR. REYNOLDS: Commissioner Dawson, do you have  
22 anything?

23 MS. DAWSON: No, I don't, but I do agree that time  
24 is of the essence.

25 MR. REYNOLDS: Mr. Van Clief?

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1           MR. VAN CLIEF: My only observation is that I  
2 think that the licensee does have an obligation to conduct  
3 racing, that's why the license was issued; and so I think we  
4 should expect -- have every expectation that we will have a  
5 positive conclusion by the time we get back here on Thurs-  
6 day.

7           MR. REYNOLDS: Okay. Thank you.

8           There being no other comments, I'll entertain a  
9 motion to adjourn.

10          Yes, ma'am?

11          UNIDENTIFIED SPEAKER: Is there any -- are we  
12 going to establish any consequences? I feel like this is  
13 the exact same thing that's been said since December. We  
14 suggest, we require, we hope -- and there's not been any  
15 consequences to enforce this. I mean I don't see any dif-  
16 ference in giving more time without something to back it.

17          MR. REYNOLDS: Our consequences that we can  
18 impose are very limited at this point. We talked earlier  
19 about maybe going after somebody's license, but we're not  
20 ready to do that yet because, like I stated earlier, when  
21 you go after somebody's license and you follow through with  
22 it and you've taken somebody's license, you don't have a  
23 racetrack to race at.

24          UNIDENTIFIED SPEAKER: How about the monetary fine  
25 of a 100,000?

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1           MR. REYNOLDS: That's a process, and that's  
2 something that we will consider -- I'm not ready to consider  
3 that right now. It's a slow, painful process that involves  
4 a lot of patience. I don't fault any one side right now. I  
5 think both sides have issues that I don't like, both sides  
6 have issues that I support. Right now, I'm not ready to  
7 wield the axe on one side or the other, but it's certainly  
8 something that is at our disposal at some point. But this  
9 whole thing is a slow process, and we have to follow the law  
10 and the regulations that we are bound by. So it's just --  
11 it's not that simple.

12           UNIDENTIFIED SPEAKER: Does the law empower you  
13 to make an interim decision for 2014 until something can  
14 come up?

15           MR. REYNOLDS: No, it does not. It does not.  
16 But anyway, thank you.

17           All right. I would like to seek a motion to  
18 adjourn.

19           MR. TROUT: We've already set the meeting for  
20 Thursday?

21           MR. REYNOLDS: Yes, we have. The next meeting  
22 will be Thursday morning here at 10:00.

23           MR. HETTEL: Special meeting.

24           MR. TROUT: So moved that we adjourn.

25           UNIDENTIFIED SPEAKER: Does that mean the public

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1 is invited to the special meeting?

2 MR. HETTEL: One agenda item. That's all that is.  
3 It's open. It's open.

4 MR. REYNOLDS: Do I hear a second?

5 MR. VAN CLIEF: Second.

6 MR. REYNOLDS: All in favor of adjourning say aye.

7 NOTE: All indicated in the affirmative.

8 MR. REYNOLDS: We're adjourned.

9 NOTE: The meeting concluded at 1:12 p.m.

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**HEARING CONCLUDED**

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**CERTIFICATE OF COURT REPORTER**

I, Roy Garrison Wood, hereby certify that I was the Court Reporter at the meeting of the Virginia Racing Commission at the time of the hearing herein.

Further, that to the best of my ability, the foregoing transcript is a true and accurate record of the proceedings herein.

Given under my hand this 28th day of May, 2014.



**ROY GARRISON WOOD**  
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